

PHYSIOMICS
r a t i o n a l t h e r a p e u t i c s



Annual Report and Financial Statements

For the Year Ended 30 June 2015

Company Registration No. 4225086

This page is
intentionally blank

Contents

Officers and Professional Advisors	4
Chairman’s Statement	5
Chairman and Chief Executive Officer’s Statement	6
Strategic Report	9
Directors’ Report	13
Independent Auditors’ Report to the Shareholders	17
Income Statement	19
Statement of Comprehensive Income	19
Statement of Financial Position	20
Statement of Changes in Equity	21
Cash Flow Statement	22
Notes to the Financial Statements	23
Notice of Annual General Meeting	37
Form of Proxy	41

Officers and Professional Advisors

DIRECTORS



Dr P B Harper
Chairman



Dr M P Chadwick
Chief Executive Officer



Dr C D Chassagnole
Chief Operating Officer

SECRETARY



E C King

REGISTERED OFFICE

The Magdalen Centre
Robert Robinson Avenue
Oxford Science Park
Oxford
OX4 4GA

AUDITOR

Shipleys LLP
10 Orange Street
Haymarket
London
WC2H 7DQ

REGISTRAR

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
BR3 2YU

BANKER

National Westminster Bank Plc
Woollen Hall
Castle Way
Southampton
SO14 2DE

NOMINATED ADVISOR, BROKER AND FINANCIAL ADVISER

WH Ireland Limited
11 St James's Square
Manchester
M2 3WH

SOLICITOR

Taylor Vinters LLP
Merlin Place,
Milton Road,
Cambridge
CB4 0DP

Physiomics Plc is a limited liability company incorporated in England & Wales and domiciled in United Kingdom.

Chairman's Statement

Summary of Results in the year ended 30 June 2015

- The turnover of the Company was £235,486 (2014: £267,903).
- The operating loss reduced by 11% to £414,755 (2014: £465,265).
- On 30 June 2015 the surplus of shareholders' funds was £325,617 (2014: £136,487).

This year, Physiomics extended its product range and made a key commercial breakthrough, signing its first long term Virtual Tumour Clinical deal with a large pharmaceutical company.

In summary we have:

- Signed a first Virtual Tumour Clinical deal with Merck Serono, the global pharmaceutical company;
- Disclosed that our third large pharma customer is Merck & Co;
- Adapted Virtual Tumour to the emerging field of immune therapy and won our first pharma project to apply this new version of the model;
- Launched our new web-based cardiac toxicity modelling service, EasyAP™;
- Continued to investigate ways to enter the personalised medicine market by developing a software product to stratify patients based on their biomarker profiles.

After the end of the period we also:

- Extended our collaboration with a long-term large pharma customer for the 5th time.
- Added a further large pharma customer (our 4th) for Virtual Tumour

Dr Paul Harper, Non-Executive Chairman

Chairman and Chief Executive Officer's Statement

Introduction

During the period under review Physiomics signed its first long-term Clinical Virtual Tumour project with Merck Serono. The Directors believe this deal was transformational for a number of reasons. Firstly, because it demonstrated that large pharmaceutical companies want to utilise the technology and that they are prepared to pay for it. Secondly, because adoption of the technology by a large pharmaceutical company has raised the interest level of other potential customers. As a general rule, Pharma companies need compelling reasons to replace tried and tested approaches to the design of clinical and pre-clinical studies before opting to embrace what, to many, is a revolutionary new approach. The cost of making the wrong call could be high. Finally, the Directors believe that the early adopters, particularly when we are to announce repeat contracts with those companies, will lead to new broader customer base.

Additionally, the Company is seeking to access academic partnerships and strengthen its pool of clinical expertise. The appointment of Professor Mark Middleton to our SAB has already started to bear fruit in this regard. He has introduced us to a number of other clinical consultants who should help transition our offerings towards a clinical focus.

Technology development

(i) Virtual Tumour product improvements

The main development of our Virtual Tumour technology in the period was to develop an immune therapy module and win our first customer. At the outset, it was unclear whether immune therapy could be modelled in a similar way to other drugs, as these new drugs target the immune response to a tumour rather than the tumour itself. However, with some modifications, our model was shown to work in a pre-clinical setting in the first commercial immune therapy project. This is a promising result and the Directors hope it will pave the way for larger clinical deals in due course, when the relevant clinical data becomes available.

(ii) Cardiac toxicity prediction service

During the period Physiomics launched its web-based EasyAP™ platform. The most important development in this field is the intention by regulatory authorities to make cardiac toxicity modelling a mandatory part of the drug development process. EasyAP™ already incorporates a few of the possible models which may be required and Physiomics has the technology and expertise to rapidly deploy other models should they be required and present them via the EasyAP™ portal. Assuming that a significant amount of modelling becomes mandatory, this may transform the market for such services. A large part of the required service will still involve lab-based experimental tests, and so Physiomics has once more sought to align itself with a strong player in this field.

Chairman and Chief Executive Officer's Statement - continued

(iii) Personalised medicine software

Physiomics is looking to develop a software tool in order to determine which cancer drugs to give to which groups of patients based on particular individual patient data. The software will use pharmacological information for the anticancer and supporting drugs as an input, coupled with physiological, genomic, and metabolomic information about the patient, including tumour genomic data (when available), and focus on forecasting which treatment and schedule are likely to lead to an increase in survival. The Company is in talks with leading clinicians and collaborators regarding the required data and is seeking grant funding to develop the software tool.

Business development strategy

Over the last few years the strategic focus of the Company has centred around two ways to build long-term value.

The first approach has been to develop new products and services, and in particular to transition our pre-clinical Virtual Tumour technology into the clinic. While the technology has taken some time to develop and, equally, it takes time to convince large pharma of the utility of a novel approach, this strategy has now started to bear fruit. The Directors anticipate that disclosure of further results from our Merck Serono project and other new projects will naturally attract further business in addition to our lead generation efforts, mainly through conferences.

In this context the development of software to stratify or personalise cancer treatments would once again increase the scope of services that the Company could sell into its existing sales channel of large pharma and biotechnology companies. Experience has shown us that the lead times for gaining new customers in this field tend to be long. Therefore the most productive strategy for Physiomics' services is to sell as broad and integrated suite of services to each customer as possible, thus increasing transaction values and lowering lead generation efforts relative to returns for each customer. The development of Virtual Tumour Clinical has already proven that this strategy can work, increasing the average transaction value per contract by around 5-fold.

The second strategy has been to seek corporate transactions to build value more quickly. The objective would be to either establish some form of collaborative joint venture managed by Physiomics or (the preferred option) to acquire the asset (be that the company or its IP) to provide a closer integration with our modelling capabilities.

We are targeting companies with their own pipeline and where Physiomics could add value by applying Virtual Tumour and other modelling approaches.

Chairman and Chief Executive Officer's Statement - continued

Business development strategy - continued

Again, the preferred option would be to acquire the full rights to a pre-clinical stage oncology molecule or to acquire the company and its pipeline. A key element of this strategy is the synergy between our core modelling competencies and their application to the development of our own molecule; we have and continue to resource an intensive effort to find the right prospect. Physiomics would effectively become a biotechnology company with its own assets to progress alongside selling its services. An oncology asset would have the potential to increase the value of the business with modelling activities generating some of the cash needed for the development whilst providing a solid fall-back position. The Company's strategy in this regard is well advanced and we look forward to providing updates in due course if these matters progress.

Outlook

Physiomics now has three strong strategic objectives.

The first is the further development of its Virtual Tumour business which is growing year on year. The second is to accelerate its cardiotoxicity offering through an alliance. The third is the opportunity to rapidly accelerate the value proposition by acquiring oncology assets of our own.

While the service business remains a strong proposition for growth, it is the belief of the Directors that the greatest chance of maximising the value of the Company for shareholders will come from owning and developing our own oncology assets through early clinical trials to the point at which the efficacy is clear enough to do licensing deals with pharmaceutical companies. The Company is already well placed to deliver on such opportunities; the Chairman Dr Harper has experience with several biotech companies and the CEO, Dr Chadwick, has experience working at BioFocus plc, a company that successfully developed a drug discovery and service business in parallel. The Directors believe that a number of key consultants are also in place to help progress a candidate pipeline. Should an appropriate deal become available, the relevant announcement will be made at the time.

Dr Paul Harper, Non-Executive Chairman

Dr Mark Chadwick, Chief Executive Officer

Strategic Report

Our strategy

Physiomics has evolved a strategy that combines lower risk service activities which support the development of client drugs with a risk sharing approach to gain a share in the development of novel drugs in development. This is coupled with development of new models to extend our predictive skills from pre-clinical development, through clinical development to treatment of patients. We have also added ancillary modelling activities to look at the cardiotoxicity and pharmacokinetic profile of new drugs in man in a bid to provide a more comprehensive support package for client companies.

These can be summarised as follows:

- Modelling in oncology
 - Virtual Tumour
 - to direct and optimise candidate selection
 - Virtual Tumour Clinical
 - to optimise the design of clinical trials
 - provide a rationale for dosing of drug combinations
- Customised medicine
 - New model development to forecast the optimal drug regimen for treatment of patients on an individual basis
 - DrugCard database to help identify successful drug regimens in particular cancer types
- Drug molecule parameters
 - Models to predict potential cardiotoxicity as an aid to optimisation of drug design and selection of viable candidate compounds
 - Options to evaluate cardiotoxicity using simple on-line models through to in depth evaluation using more complex models thereby providing cost effective predictions matched to different stages of the drug discovery and optimisation process
 - Models capable of forecasting the pharmacokinetic profile of a new drug molecule

Strategic Report - continued

As an extension of our strategy to risk share, we have an active programme to identify compounds that can be in-licensed and developed by Physiomics or through a joint ownership collaboration. The Company is now actively pursuing opportunities to gain full ownership of therapeutic candidates. We believe this would lead the Company to a modified higher risk, higher reward business model with the internal development of candidate molecules being prioritised alongside our growing service business.

Business review

The Company is principally engaged in providing services to pharmaceutical companies in the areas of outsourced systems and computational biology.

- The turnover of the Company was £235,486 (2014: £267,903)
- The operating loss was £414,755 (2014: £465,265)
- At the 30 June 2015 the surplus of shareholders' funds was £325,617 (2014: £136,487)

Strategic and financial performance indicators

The Company is focused on the creation of long-term value for its shareholders.

The Directors consider that the key performance indicators are those that communicate the financial performance and strength of the Company as a whole, these being revenue, profitability and shareholders' funds.

The Company faces many risks on the way to building shareholder value. The process of winning major contracts in a competitive environment is rarely simple and can be delayed for reasons outside the Company's control. This means the Company faces major uncertainties in its cash flow.

Addressing the risks

The board addresses the financial uncertainties by careful budget monitoring and by quickly responding to variations. If there are delays in signing contracts then recruitment and capital expenditure is frozen until the anticipated income is achieved.

Interest rate risk

The Company finances its operations by cash and short term deposits. The Company's policy on interest rate management is agreed at board level and is reviewed on an ongoing basis.

Other creditors, accruals and deferred income values do not bear interest.

Strategic Report - continued

Interest rate profile

The Company had no bank borrowings at the 30 June 2015.

Liquidity risk

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Fair values

There are no material differences between the fair value of financial instruments and the amount at which they are stated in the financial statements.

Regulatory risk

There is a risk that the business model is impacted by future changes in regulations in the medical and pharmaceutical industry. Major agencies such as the FDA are actively promoting the use of system modelling and issue advisory papers which set out their thinking. The Company regularly reviews activity in this area through proactive discussions with key industry officials, professional advisors and regulatory bodies where appropriate. The Company's customers are predominately pharmaceutical companies who market and sell outsourced systems and computational biology to their customers on a worldwide basis.

Skills risk

The success and future growth of the Company is in part dependent on the continued performance and delivery of certain Directors, managers and key staff.

The Company seeks to recruit, develop, and manage talent at the highest levels in order to meet the continuing demand for innovative and leading edge developments in specialised modelling solutions within the pharmaceutical industry. The ability of the Company to attract and retain highly skilled employees requires the Company to offer and maintain competitive employment packages and personal development opportunities. It is considered essential to implement a system of succession planning processes to ensure key roles are identified and career development opportunities established. The Company therefore invests in the recruitment of highly skilled individuals and operates a proactive system of training and performance management across the business. The Company has built a network of contracted specialists who can contribute a unique combination of skills as required.

Strategic Report - continued

Systems & infrastructure

The Company is dependent on its IT technical infrastructure and systems for the management of its core operations and research and development programmes. Risks of system outages, loss of connectivity and impact on data integrity are regularly reviewed and a business continuity plan has been established for the effective management of unforeseen disruption to the business. Continuity of access to data and integrity of data is maintained through the implementation of a rigorous system of data storage, backup and monitoring of key coding and modelling data.

By order of the board

Dr Paul Harper
Chairman
6 November 2015

Directors' Report

The Directors submit their report and the audited financial statements of Physiomics Plc for the year ended 30 June 2015.

Results

There was a loss for the year after taxation amounting to £357,656 (2014 loss: £425,621). In view of accumulated losses, and given the stage of the Company's development, the Directors are unable to recommend the payment of a dividend.

Directors

The directors who served during the year were:

Dr P B Harper

Dr M P Chadwick

Dr C D Chassagnole

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the financial performance and cash flows of the Company for that year.

The financial statements are required by law, and IFRS as adopted by the EU, to give a true and fair view of the state of affairs of the Company.

In preparing the Company financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether in preparation of the financial statements the Company has complied with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for the maintenance and integrity of the Physiomics Plc website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' Report - continued

Substantial shareholdings

The Company has been informed that on 3 November 2015 the following shareholders held substantial holdings in the issued ordinary shares of the Company.

	Number of Ordinary shares	Holding %
Barclayshare Nominees Limited	413,888,057	16.9%
HSDL Nominees Limited	397,232,330	16.0%
TD Direct Investing Nominees (Europe) Limited	395,780,735	15.9%
Hargreaves Lansdown (Nominees) Limited	233,184,590	9.4%
Wealth Nominees Limited	143,104,669	5.8%
HSBC Client Holdings Nominee (UK) Limited	110,871,452	4.5%
Investor Nominees Limited	103,165,907	4.2%
Share Nominees Limited	96,830,559	3.4%

No other person has reported an interest of more than 3% in the ordinary shares.

On 3 November 2015 Dr Mark Chadwick held 3,970,151 ordinary shares and Dr Christophe Chassagnole held 15,189,740 ordinary shares. The holding percentages were 0.16% and 0.61% respectively.

Directors' remuneration

Details of Directors' remuneration in the year ended 30 June 2015 is set out below:

	Emoluments	Benefits	Pension Contributions	Total 2015	Total 2014
	£	£	£	£	£
Dr P B Harper	35,000	-	-	35,000	35,000
Dr M P Chadwick	111,297	1,299	-	112,596	109,707
Dr C D Chassagnole	60,044	1,529	3,030	64,603	62,755
Total	206,341	2,828	3,030	212,199	207,462

Directors' Report - continued

Post balance sheet events

There are no material post balance sheet events.

Statement as to disclosure of information to auditors

The Directors in office on 6 November 2015 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Corporate governance

The board of Directors is accountable to the Company's shareholders for good corporate governance. The Company takes corporate governance seriously and the statement below sets out how the board apply the principles of good corporate governance.

Directors

The Company supports the concept of an effective board leading and controlling the Company. The board is responsible for formulating and approving the strategy of the business and meets at least six times per year. Various matters are specifically reserved for board decision, ensuring that the board maintains full control over strategic, financial, organisational, risk and compliance issues. Management supply the board with appropriate and timely information, while the Directors are encouraged to seek any further information they consider necessary.

The board comprises two executive Directors, who fulfil the main operational roles in the Company, and a non-executive Chairman. Due to the size of the Company, the board does not consider the appointment of a senior non-executive director to be necessary. A full list of the Directors is shown above.

Accountability

The board endeavours to present a balanced and comprehensible assessment of the Company's situation and prospects in all of its published statements, including interim reports, price-sensitive announcements, reports to regulators and information supplied to comply with statutory requirements.

The Audit Committee consists of Christophe Chassagnole and Elizabeth King and is chaired by Dr Paul Harper. The Committee meets at least three times per year to consider matters relating to the Company's financial position and financial reporting. The Audit Committee reviews the independence and objectivity of the external auditors, as well as the amount of non-audit work undertaken by Shipleys LLP to satisfy the Committee that this will not compromise their independence. Details of the fees paid to Shipleys LLP during the current accounting period are given in note 3 to the accounts.

Directors' Report - continued

Remuneration Committee

The Remuneration Committee has been established primarily to determine the remuneration, terms and conditions of employment of the executive Directors of the Company. The Committee comprises Dr Mark Chadwick and Elizabeth King and is chaired by Dr Paul Harper. It meets at least twice a year. The primary concern of the Committee is to establish a system of rewards and incentives that aim to align the interests of the executive Directors with the long-term interests of the shareholders. These are based on the achievement of both scientific and commercial milestones while taking into account the financial position of the Company at this stage in its development. Any remuneration issues concerning non-executive Directors are resolved by this Committee and no Director participates in decisions that concern his own remuneration.

Going concern, responsibilities and disclosure

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal controls and risk management

The board is responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. The Directors have a reasonable expectation that the Company will safeguard the Company's assets. The risk management process and internal control systems are designed to manage rather than eliminate the risk of failing to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The key features of the Company's system of internal control are as follows:

- a clearly defined organisational structure and set of objectives.
- the executive Directors play a significant role in the day to day operation of the business.
- detailed monthly management accounts are produced for the board to review and take appropriate action.

Annual General Meeting

The Company values the views of its shareholders and recognises their interest in the Company's strategy, performance and the ability of the board. The AGM provides an opportunity for two-way communication and all shareholders are encouraged to attend and participate. Separate resolutions will be put to shareholders at the AGM, giving them the opportunity to discuss matters of interest. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after each has been dealt with on a show of hands.

The Company uses its website www.physiomics-plc.com as another means of providing information to shareholders and other interested parties. The website displays the annual report and accounts, interim results and other relevant announcements.

The Annual General Meeting of the Company will be held at the offices of Taylor Vinters LLP, Tower 42, 33rd Floor, 25 Old Broad Street, London, EC2N 1HQ at 11.00 am on 4 December 2015.

By order of the board

Dr Paul Harper
Chairman
6 November 2015

Independent Auditors Report to the Shareholders of Physiomics Plc

We have audited the financial statements of Physiomics Plc for the year ended 30 June 2015 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the cash flow statement, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report to the Shareholders of Physiomics Plc - continued

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Joseph Kinton (senior statutory auditor)

For and on behalf of Shipleys LLP statutory auditor

10 Orange Street

Haymarket

London

WC2H 7DQ

6 November 2015

Income Statement for the year ended 30 June 2015

	Notes	Year ended 30-Jun-15 £	Year ended 30-Jun-14 £
Revenue	2, 5	235,486	267,903
Net operating expenses		(630,815)	(733,168)
Share-based compensation		(19,426)	-
Operating loss	3	(414,755)	(465,265)
Finance income	4	304	1,013
Finance costs		-	-
Loss before taxation		(414,451)	(464,252)
UK corporation tax	7	56,795	38,631
Loss for the year attributable to equity shareholders		(357,656)	(425,621)
Loss per share (pence)			
Basic and diluted	8	(0.017) p	(0.026) p

Statement of Comprehensive Income

	Year ended 30-Jun-15 £	Year ended 30-Jun-14 £
Net loss for the year	(357,656)	(425,621)
Other comprehensive income	-	-
Total comprehensive (expense) for the year	(357,656)	(425,621)
Attributable to:		
Equity shareholders	(357,656)	(425,621)

Statement of Financial Position as at 30 June 2015

Company Number: 4225086

	Notes	Year ended 30-Jun-15 £	Year ended 30-Jun-14 £
Non-current assets			
Intangible assets	10	7,025	11,669
Property, plant and equipment	11	2,242	3,589
Investments		1	1
		<u>9,268</u>	<u>15,259</u>
Current assets			
Trade and other receivables	12	47,851	51,576
Taxation recoverable		55,000	45,000
Cash and cash equivalents		266,746	132,358
	9	<u>369,597</u>	<u>228,934</u>
Total assets		<u>378,865</u>	<u>244,193</u>
Current liabilities			
Trade and other payables	9,12	(53,248)	(107,706)
Total liabilities		<u>(53,248)</u>	<u>(107,706)</u>
Net assets		<u>325,617</u>	<u>136,487</u>
Capital and reserves			
Share capital	14	992,663	687,663
Capital reserves	15	4,259,388	4,017,602
Retained earnings	16	(4,926,434)	(4,568,778)
Equity shareholders' funds		<u>325,617</u>	<u>136,487</u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 November 2015 and are signed on its behalf by:

Dr Paul Harper
Chairman

Statement of Changes in Equity for the year ended 30 June 2015

	Share capital £	Share premium account £	Share-based compensation reserve £	Retained earnings £	Total shareholders' funds £
At 1 July 2013	602,620	3,703,969	92,389	(4,143,157)	255,821
Share issue (net of costs)	85,043	221,244	-	-	306,287
Loss for the year	-	-	-	(425,621)	(425,621)
Share-based compensation	-	-	-	-	-
At 30 June 2014	687,663	3,925,213	92,389	(4,568,778)	136,487
Share issue (net of costs)	305,000	222,360	-	-	527,360
Loss for the year	-	-	-	(357,656)	(357,656)
Share-based compensation	-	-	19,426	-	19,426
At 30 June 2015	992,663	4,147,573	111,815	(4,926,434)	325,617

Cash Flow Statement for the year ended 30 June 2015

	Year ended 30-Jun-15 £	Year ended 30-Jun-14 £
Cash flows from operating activities:		
Operating loss	(414,755)	(465,265)
Amortisation and depreciation	6,616	7,925
Share-based compensation	19,426	-
Decrease in receivables	3,725	85,833
Decrease in payables	(54,458)	(16,939)
Cash generated from operations	<u>(439,446)</u>	<u>(388,446)</u>
UK corporation tax received	46,795	36,939
Interest paid	-	-
Net cash generated from operating activities	<u>(392,651)</u>	<u>(351,507)</u>
Cash flows from investing activities:		
Interest received	304	1,013
Purchase of non-current assets	(625)	(2,597)
Net cash received by investing activities	<u>(321)</u>	<u>(1,584)</u>
Cash outflow before financing	(392,972)	(353,091)
Cash flows from financing activities:		
Issue of ordinary share capital (net of expenses)	527,360	306,287
Net cash from financing activities	<u>527,360</u>	<u>306,287</u>
Net increase / (decrease) cash and cash equivalents	134,388	(46,804)
Cash and cash equivalents at beginning of year	132,358	179,162
Cash and cash equivalents at end of year	<u>266,746</u>	<u>132,358</u>

Notes on the Financial Statements

Basis of preparation

The financial statements of Physiomics Plc have been prepared in accordance with applicable law and International Financial Reporting Standards incorporating International Accounting Standards and Interpretations (collectively “IFRS”) as endorsed by the European Union.

The financial statements have been prepared on the historical cost basis. The significant accounting policies are set out below.

Accounting policies

Revenue recognition

The revenue shown in the income statement relates to amounts received or receivable from the provision of services associated with outsourced systems and computational biology services to pharmaceutical companies.

Revenue from the provision of the principal activities is recognised by reference to the stage of completion of the transaction at the balance sheet date where the amount of revenue can be measured reliably and sufficient work has been completed with certainty to ensure that the economic benefit will flow to the Company.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Going concern

The accounts have been prepared on the going concern basis. The Company primarily operates in the relatively defensive pharmaceutical industry which we expect to be less affected by current economic conditions compared to other industries.

The Company had £266,746 of cash and cash equivalents as at 30 June 2015 (2014 £132,358). The board operates an investment policy under which the primary objective is to invest in low-risk cash or cash equivalent investments to safeguard the principal. The Company’s forecasts, taking into account likely revenue streams, show that the Company has sufficient funds to operate for the foreseeable future.

After reviewing the Company’s forecasts, the Directors believe that the Company is adequately placed to manage its business and financing risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Intangible assets

Intangible assets acquired separately from third parties are recognised as assets and measured at cost.

Following initial recognition, intangible assets are measured at cost or fair value at the date of acquisition less any amortisation and any impairment losses. Amortisation costs are included within the net operating expenses disclosed in the income statement.

Notes on the Financial Statements - continued

Intangible assets are amortised over their useful lives as follows:

	Useful Life	Method
Software	15 years	Straight line

Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis. The Company does not have any intangible assets with indefinite lives.

Property, plant and equipment

All items are initially recorded at cost.

Impairment of assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets that do not individually generate cash flows are assessed as part of the cash generating unit to which they belong. Cash generating units are the lowest levels for which there are cash flows that are largely independent of the cash flows from other assets or groups of assets.

Depreciation

Depreciation is calculated to write off the cost of an asset over its useful economic life as follows:

Leasehold improvements - the remaining life of the lease

Fixtures and computers - three years, straight-line basis

Research and development expenditure

Expenditure on research activity is recognised as an expense in the period in which it is incurred.

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Balances are written off when the probability of recovery is considered to be remote.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Notes on the Financial Statements - continued

Foreign currency

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Government Grants

Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

Share based payments

The Company issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period. Fair value is measured by use of a Black-Scholes model.

Investments

Participating interests are stated at cost less amounts written off in the Company balance sheet.

Taxation

Tax currently payable is based on the taxable profit for the period which may differ from net profit reported in the income statement.

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay further tax, or a right to pay less tax in future. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the gains or losses in tax assessments in period different from those in which they are recognised in the financial statements. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse.

Notes on the Financial Statements - continued

Adoption of international accounting standards

During the year the following Standards and Interpretations were implemented:

		Effective for accounting periods starting on or after
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IAS 19	Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
IAS 27 (revised)	Separate Financial Statements	1 January 2014
IAS 36	Impairment of Assets	1 January 2014
Annual Improvements	IFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements	IFRSs 2011-2013 Cycle	1 July 2014

Adoption of these Standards and Interpretations did not have any effect on the financial statements of the Company, or result in changes in accounting policy or additional disclosure.

The following Standards and Interpretations were issued with an effective date after the date of these financial statements. These have not been applied as they are not yet effective or endorsed.

IAS 34	Interim Financial Reporting	1 January 2016
IFRS 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
Annual Improvements	IFRSs 2012-2014 Cycle	1 January 2016

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Company's financial statements.

Notes on the Financial Statements - continued

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

There was no material accounting estimates or areas of judgements required.

2 REVENUE AND SEGMENTAL REPORTING

The principal activities are the provision of outsourced systems and computational biology services to pharmaceutical companies.

This activity comprises a single segment of operation of a sole UK base and entirely UK based assets.

Revenue was derived in the UK and European Union from its principal activity.

3 OPERATING LOSS

	2015 £	2014 £
Operating loss is stated after charging		
Research and development Current year expenditure	175,058	259,918
Depreciation charge for the year - Owned assets	1,972	3,258
Amortisation charge for the year	4,644	4,667
Difference on foreign exchange	(7,773)	21
Fees paid to the Company's auditor, refer to below	14,975	17,000
	<u>14,975</u>	<u>17,000</u>
	2015 £	2014 £
Amounts payable for both audit and non-audit services		
Fees payable for the audit of the Company's financial statements	10,000	10,000
Taxation compliance services	4,975	2,000
Audit-related assurance services	-	5,000
	<u>14,975</u>	<u>17,000</u>

Notes on the Financial Statements - continued

4 FINANCE INCOME

	2015 £	2014 £
Bank interest receivable	<u>304</u>	<u>1,013</u>

5 GRANT INCOME

Revenue includes the following:

	2015 £	2014 £
Grant income	<u>-</u>	<u>148,465</u>

6 STAFF COSTS

	2015 £	2014 £
Staff costs, including Directors' remuneration during the year:		
Wages and salaries	293,868	323,596
Social security costs	31,035	21,147
Pension costs	3,030	3,030
	<u>327,933</u>	<u>347,773</u>
Average number of employees including Directors	<u>5</u>	<u>7</u>

Details of the remuneration of Directors are included in the Directors' report on page 14.

Notes on the Financial Statements - continued

7 TAXATION

(a) Analysis of charge in the year	2015	2014
	£	£
Research and Development tax credit: current year	55,000	45,000
Research and Development tax credit: prior year	1,795	(6,369)
	<u>56,795</u>	<u>38,631</u>

(b) Factors affecting current tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK.

The temporary differences are explained below:

	2015	2014
	£	£
Loss on ordinary activities before taxation	(414,451)	(464,252)
Tax on loss on ordinary activities at standard corporation tax rate of 20% (2014: 20%)	(82,890)	(92,850)
Research and Development enhancement	(21,500)	(16,414)
Expenses not deductible for tax purposes	3,962	65
Depreciation in excess of capital allowances	275	14
Adjustment to prior year Research and Development credit	(1,795)	6,369
Unrelieved tax loss carried forward	45,153	64,185
	<u>(56,795)</u>	<u>(38,631)</u>

At 30 June 2015 tax losses of approximately £3,400,000 (2014: £3,170,000) remained available to carry forward against future taxable trading profits. There is an un-provided deferred tax asset of £679,803 (2014: £634,773).

8 LOSS PER SHARE

Calculations are based on the losses and number of shares below:	2015	2014
	£	£
Loss on ordinary activities after tax	(357,656)	(425,621)
	<u>No.</u>	<u>No.</u>
Weighted average no of shares:		
At 1 July 2014	1,719,157,921	1,506,550,074
Effect of Shares issued in the year	408,321,917	159,691,596
	<u>2,127,479,838</u>	<u>1,666,241,670</u>
Weighted average number of shares in the year for basic and diluted loss per share		
	<u>(0.017) p</u>	<u>(0.026) p</u>

Notes on the Financial Statements - continued

9 FINANCIAL INSTRUMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

	Held for trading	
	2015	2014
	£	£
Current financial assets		
Trade and other receivables	102,851	96,576
Cash and cash equivalents	266,746	132,358
	<u>369,597</u>	<u>228,934</u>
Current financial liabilities		
Trade and other payables	53,248	107,706
	<u>53,248</u>	<u>107,706</u>

10 INTANGIBLE FIXED ASSETS

	Patents, trade marks and software
	£
Cost	
At 1 July 2013	75,646
Additions	-
	<u>75,646</u>
At 30 June 2014	75,646
Additions	-
	<u>75,646</u>
At 30 June 2015	75,646
Amortisation	
At 1 July 2013	59,310
Provided in the year	4,667
	<u>63,977</u>
At 30 June 2014	63,977
Provided in the year	4,644
	<u>68,621</u>
At 30 June 2015	68,621
Net book value	
30 June 2015	7,025
30 June 2014	11,669

Notes on the Financial Statements - continued

11 PROPERTY PLANT AND EQUIPMENT

	Fixtures and computers £
Cost	
At 1 July 2013	50,433
Additions	2,597
Disposals	-
	<hr/>
At 1 July 2014	53,030
Additions	625
Disposals	-
	<hr/>
At 30 June 2015	53,655
	<hr/>
Depreciation	
At 1 July 2013	46,183
Provided in the year	3,258
Disposals	-
	<hr/>
At 1 July 2014	49,441
Provided in the year	1,972
Disposals	-
	<hr/>
At 30 June 2015	51,413
	<hr/>
Net book value	
30 June 2015	2,242
30 June 2014	3,589

12 OTHER FINANCIAL ASSETS AND LIABILITIES

	2015 £	2014 £
Trade and other receivables are as follows:		
Trade receivables	-	13,135
Prepayments and accrued income	37,183	27,501
Other receivables	10,668	10,940
	<hr/>	<hr/>
	47,851	51,576
	<hr/>	<hr/>
Trade and other payables are as follows:		
Amounts payable relating to the purchase of goods and services	21,504	55,422
Other payables	10,125	12,122
Accruals and deferred income	21,619	40,162
	<hr/>	<hr/>
	53,248	107,706
	<hr/>	<hr/>

Notes on the Financial Statements - continued

13 LOANS

There were no loans with Directors at 30 June 2015 and 30 June 2014.

14 SHARE CAPITAL

	2015	2015	2014	2014
Authorised:	Number	£	Number	£
Ordinary Shares of 0.04p each	25,000,000,000	10,000,000	25,000,000,000	10,000,000
	=====	=====	=====	=====
	2015	2015	2014	2014
Allotted, called up and fully paid:	Number	£	Number	£
As at 1 July 2014	1,719,157,921	687,663	1,506,550,074	602,620
Issue of share capital	762,499,998	305,000	212,607,847	85,043
	-----	-----	-----	-----
As at 30 June 2015	2,481,657,919	992,663	1,719,157,921	687,663
	=====	=====	=====	=====

The Company has one class of ordinary shares which carry no right to fixed income.

In January 2013 the Company entered into a £4mn Standby Equity Distribution Agreement (SEDA) with YA Global Master SPV Limited, an investment fund managed by Yorkville Advisors. The SEDA funds are available in two tranches of up to £2mn available for draw down over a period of up to three years in exchange for the issue of new Ordinary Shares in the Company.

Under this SEDA agreement, on 30 July 2014 the Company issued 312,500,000 ordinary shares of 0.04p at a price of 0.18p per ordinary share under an Equity Swap Agreement dated 23 July 2014 in return for a swap payment of £289,688. During the term of the agreement the Company received a further £51,799 and the agreement was terminated on 30 January 2015 at which time all remaining obligations were extinguished. The SEDA agreement facility remains in place under the original terms of issue.

On 30 March 2015 the Company issued 449,999,998 ordinary shares of 0.04p at a price of 0.06p per ordinary share for working capital purposes.

Notes on the Financial Statements - continued

15 CAPITAL RESERVES

	Share premium account	Share-based compensation reserve	Total
	£	£	£
Balance at 1 July 2013	3,703,969	92,389	3,796,358
Issue of share capital	221,244	-	221,244
Share issue costs	-	-	-
Share-based compensation	-	-	-
Balance at 30 June 2014	<u>3,925,213</u>	<u>92,389</u>	<u>4,017,602</u>
Issue of share capital	289,611	-	289,611
Share issue costs	(67,251)	-	(67,251)
Share-based compensation	-	19,426	19,426
Balance at 30 June 2015	<u><u>4,147,573</u></u>	<u><u>111,815</u></u>	<u><u>4,259,388</u></u>

The share premium account consists of proceeds from the issue of shares in excess of their par value (which is included in the share capital account).

The share-based compensation reserve represents the credit arising on the charge for share options calculated in accordance with IFRS 2.

16 RETAINED EARNINGS

	£
Balance at 1 July 2013	(4,143,157)
Loss for the year	(425,621)
Balance at 30 June 2014	<u>(4,568,778)</u>
Loss for the year	(357,656)
Balance at 30 June 2015	<u><u>(4,926,434)</u></u>

17 CAPITAL COMMITMENTS

At 30 June 2015 and 30 June 2014 the Company had no capital commitments.

Notes on the Financial Statements - continued

18 SHARE BASED PAYMENT TRANSACTIONS

The Company operates two share option schemes: (i) under the Enterprise Management Initiative Scheme (“EMI”) and (ii) an unapproved share option scheme. Both are equity settled. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of the options is 10 years.

Holder	Outstanding at beginning of period	Granted during period	Forfeited during period	Outstanding at end of period	Exercisable at end of period	Exercise price (p)	Date of grant	Date of expiry
Christophe Chassagnole ¹	7,499,453	-	-	7,499,453	7,499,453	0.383	07 Sep 2007	06 Sep 2017
Christophe Chassagnole ¹	5,624,590	-	-	5,624,590	5,624,590	0.150	18 Dec 2008	18 Dec 2018
Christophe Chassagnole ¹	11,856,584	-	-	11,856,584	11,856,584	0.400	28 Feb 2010	28 Feb 2020
Christophe Chassagnole ¹	3,233,125	-	-	3,233,125	-	0.340	09 Nov 2011	08 Nov 2021
Christophe Chassagnole ¹	12,938,121	-	-	12,938,121	12,938,121	0.132	11 Feb 2013	11 Feb 2023
Christophe Chassagnole ¹	-	32,261,553	-	32,261,553	-	0.062	24 Mar 2015	23 Mar 2025
Mark Chadwick ¹	19,984,500	-	-	19,984,500	14,988,375	0.270	06 Dec 2010	05 Dec 2020
Mark Chadwick ¹	3,233,127	-	-	3,233,127	-	0.340	09 Nov 2011	08 Nov 2021
Mark Chadwick ¹	4,996,125	-	-	4,996,125	-	0.293	19 Dec 2011	18 Dec 2021
Mark Chadwick ¹	12,938,121	-	-	12,938,121	12,938,121	0.132	11 Feb 2013	11 Feb 2023
Mark Chadwick ¹	-	32,261,553	-	32,261,553	-	0.062	24 Mar 2015	23 Mar 2025
Paul Harper ²	2,327,710	-	-	2,327,710	2,327,710	0.150	18 Dec 2008	18 Dec 2018
Paul Harper ²	7,664,541	-	-	7,664,541	7,664,541	0.400	28 Feb 2010	28 Feb 2020
Paul Harper ²	1,293,250	-	-	1,293,250	-	0.340	09 Nov 2011	08 Nov 2021
Paul Harper ²	5,175,248	-	-	5,175,248	5,175,248	0.132	11 Feb 2013	11 Feb 2023
Paul Harper ²	-	12,904,621	-	12,904,621	-	0.062	24 Mar 2015	23 Mar 2025
Other staff ¹	3,490,000	-	-	3,490,000	3,490,000	0.383	07 Sep 2007	06 Sep 2017
Other staff ¹	3,448,824	-	-	3,448,824	3,448,824	0.150	18 Dec 2008	18 Dec 2018
Other staff ¹	10,547,616	-	-	10,547,616	10,547,616	0.400	28 Feb 2010	28 Feb 2020
Other staff ¹	10,727,314	-	-	10,727,314	-	0.340	09 Nov 2011	08 Nov 2021
Other staff ¹	23,935,522	-	(9,703,590)	14,231,932	14,231,932	0.132	11 Feb 2013	11 Feb 2023
Other staff ¹	-	34,991,376	-	34,991,376	-	0.062	24 Mar 2015	23 Mar 2025
Total	150,913,771	112,419,103	(9,703,590)	253,629,284	112,731,115			
Weighted average exercise price (p)	0.254	0.062	0.132	0.174	0.248			
Weighted average remaining contractual life (years)				7.5				

No options were exercised or expired during the year. Some of the options granted are subject to performance criteria relating to either share price performance or the achievement of certain corporate milestones. The options granted during the current year vest six months after grant with no additional performance criteria attached.

The expected volatility is based on historical volatility of the company and its peer group. The expected life is the contractual exercise period. The risk free rate of return is the yield on zero-coupon UK government bonds.

Options have been valued at grant date using the Black-Scholes option pricing model. Market based performance criteria are included in the original assessment of fair value. Where non-market based performance criteria have not yet been met, a probability of success factor has been applied to the recognition of a charge.

During the year the Company recognised a total expense related to employee share-based payments of £19,426 (2014: £nil). The fair value of share options awarded during the year were determined using the Black-Scholes pricing model. In addition to the information disclosed above, the assumptions employed in the pricing model were as follows - expected volatility: 40%, expected dividends: nil, risk-free interest rate: 2% per annum. The fair value at grant date of the options granted during the year was 0.0326p per option.

Notes to the Financial Statements - continued

19 FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash and short term deposits. The Company has various other financial instruments, such as trade debtors and creditors that arise directly from its operations, which have been excluded from the disclosures other than the currency disclosures.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The policies for managing these are regularly reviewed and agreed by the board.

It is and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

Interest rate risk

The Company finances its operations by cash and short term deposits. The Company's policy on interest rate management is agreed at board level and is reviewed on an ongoing basis.

Other creditors, accruals and deferred income values do not bear interest.

Capital management

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in notes 14 to 16.

The board's policy is to maintain an appropriate capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company has a record of positive operating cash flows as well as significant ability to manage the timing and extent of discretionary expenditure in the business. In order to maintain or adjust the capital structure the Company may issue new shares.

Interest rate profile

The Company had no bank borrowings at the 30 June 2015.

Liquidity risk

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Fair values

There are no material differences between the fair value of financial instruments and the amount at which they are stated in the financial statements.

Notes on the Financial Statements - continued

20 POST BALANCE SHEET EVENTS

There are no material post balance sheet events.

21 INTEREST IN OTHER ENTITIES

The Company has a wholly owned subsidiary E-PHEN Limited, a company incorporated in England. The company is dormant and has not traded in the period.

22 RELATED PARTY TRANSACTIONS

Remuneration of key management personnel.

The remuneration of the Directors, who are the key management personnel of the Company, is set out on page 14.

23 ULTIMATE CONTROLLING PARTY

The Company does not currently have an ultimate controlling party and did not have one in this reporting year or the preceding reporting year.

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting (AGM) of Physiomics Plc (the Company) will be held on 4 December 2015 at 11.00am at the offices of Taylor Vinters LLP, Tower 42, 33rd Floor, 25 Old Broad Street, London, EC2N 1HQ for the following purposes

ORDINARY BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions:

1. To receive and adopt the Directors' and Auditor's Report and the Company's Financial Statements for the year ended 30 June 2015.
2. To re-appoint Dr Paul Harper as a Director of the Company.
3. To confirm the appointment of Shipleys LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which annual accounts of the Company are laid and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the resolutions set out in paragraphs 4 to 6 (inclusive):

Ordinary resolution – power to allot securities

4. That the Directors be and they are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the **2006 Act**) to exercise all the powers of the Company to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company (**relevant securities**), up to an aggregate nominal amount of £990,000 provided that this authority is for a period expiring at the next annual general meeting of the Company but the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act, but without prejudice to the allotment of any shares already made or to be made pursuant to such authorities.

Special resolution – disapplication of pre-emption rights

5. That subject to the passing of resolution 4 in the Notice the Directors be given the general power to allot equity securities (as defined by section 560 of the Companies Act 2006 (the **2006 Act**)) for cash pursuant to the authority conferred by resolution 4 in the Notice as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - (a) in connection with an offer of such securities by way of rights or other pro-rata offer to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - (b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £990,000;

and shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Notice of Annual General Meeting - continued

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

Special resolution – notice period for general meetings

- 6. That a general meeting of the Company, other than an annual general meeting, may be called on 14 clear days' notice provided this authority expires at the conclusion of the next annual general meeting of the Company after the date of passing of this resolution.**

By order of the board
Elizabeth King
Company Secretary
6 November 2015

NOTES

- Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
 - 6.00pm on 2 December 2015; or,
 - if this Meeting is adjourned, at 6.00pm on the day two business days prior to the adjourned meeting,shall be entitled to attend and vote at the Meeting.
- If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction (as described in note 11) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
- A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please photocopy the proxy card and return all multiple proxies in one envelope.
- A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
- The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be completed, signed and sent or delivered to the Company's Registrars, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU and received no later than 11.00am on 2 December 2015.

In the case of a member who is a company, the proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- In the case of joint holders the signature of any one holder is sufficient. If more than one joint holder of any share is present at the meeting personally or by proxy, that one present whose name stands first on the register of members in respect of that share is alone entitled to vote in respect of that share.

Notice of Annual General Meeting - continued

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see below) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company at its registered office.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

10. In order to revoke a proxy instruction you will need to inform the Company's Registrars, Capita Asset Services by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment and addressed to them at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Asset Services no later than 2 December 2015 at 11.00am.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

11. CREST members who wish to appoint a proxy or proxies by using the CREST electronic proxy appointment service may do so for the Meeting and any adjournment of it by using the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita (ID RA10) not later than 48 hours before the time fixed for the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. In order to be valid, any form of proxy, power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach the Company's Registrars, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time of the meeting.
13. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
14. You may not use any electronic address provided either in this notice of annual general meeting, or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.
15. On 3 November 2015, the Company's issued share capital comprised 2,481,657,918 ordinary shares of 0.04p each. Each ordinary share carries the right to vote at the AGM and, therefore, the total number of voting rights in the Company on 3 November 2015 is 2,481,657,918 ordinary shares.
16. The Directors' letters of appointment and service contracts will be available for inspection at Tower 42, 33rd Floor, 25 Old Broad Street, London, EC2N 1HQ from 6 November 2015 until the time of the Meeting.

This page is
intentionally blank

Form of Proxy

I/We (block capital).....
of (block capital).....
Being a member/members of Physiomics Plc hereby appoint the chairman of the meeting or (see note 1 and 2)
.....in respect of Ordinary Shares

(Please indicate here with an 'X' if this appointment is one of multiple appointments being made.)
as my/our proxy to attend and on a poll to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 4 December 2015 at 11.00am and at any adjournment thereof. I/we direct, by inserting a cross or other mark in the appropriate box below, how my/our votes are to be cast on each of the resolutions to be proposed at the meeting as indicated below. If no indication is given, the proxy will exercise his/her discretion as to how he/she votes and as to whether or not he/she abstains from voting. Please complete, sign and date this form where indicated below (see notes below).

ORDINARY RESOLUTIONS	For	Against	Withheld
1. To receive and adopt the Directors' and Auditor's report and the Company's financial statements for the year ended 30 June 2015.			
2. To re-appoint Dr Paul Harper as a Director.			
3. To confirm the appointment of Shipleys LLP as auditors of the Company to hold office until the conclusion of the next general meeting of the Company at which annual accounts are laid and to authorise the Directors to fix their remuneration.			
4. That the Directors be and they are generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £990,000.			
SPECIAL RESOLUTIONS			
5. That the Directors be given the general power to allot equity securities for cash pursuant to the authority conferred by the resolution 4 as if section 561(1) of the Companies Act 2006 did not apply to any such allotment.			
6. To authorise the Company to convene general meetings (other than annual general meetings) on 14 clear days' notice.			

Signature(s).....

Date 2015

NOTES

- As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
- Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy is one of multiple instructions being given.
- To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- Any alteration to the form of proxy should be initialled.
- All forms of proxy should be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a Company, either under seal or under hand of a duly authorised officer or attorney of the Company and returned in the same envelope.
- In the case of joint holders the signature of any one holder is sufficient. If more than one joint holder of any share is present at the meeting personally or by proxy, that one present whose name stands first on the register of members in respect of that share is alone entitled to vote in respect of that share.
- To be valid this form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority must be lodged at the offices of the Company's Registrars, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time of the meeting.
- CREST members should use the CREST electronic proxy appointment service and refer to Note 10 of the Notice of Annual General Meeting in relation to the submission of a proxy appointment via CREST.
- If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
- You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

This page is
intentionally blank

This page is
intentionally blank

